

# MARCH LOGISTICS 2016 MARKET SNAPSHOT

## MULTIMODAL:

<b>Dow Jones Transportation Index</b>	Dow Jones Transportation index <b>increased 11.0%</b> during the month of February 2015. <i>(Stock performance of twenty large, well-known U.S. companies in the transportation industry, average of February 10<sup>th</sup> thru March 10<sup>th</sup>)</i>
<b>NASDAQ Transportation Index</b>	NASDAQ Transportation Index <b>increased 7.9%</b> in February 2015. <i>(Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of February 10<sup>th</sup> thru March 10<sup>th</sup>)</i>
<b>DOT Freight Transportation Index</b>	The USDOT's freight transportation services index <b>increased 0.5%</b> in January. The index's reading of 122.2 was <b>1.3% below the all-time high</b> of 123.8 in November 2014. (Source: US DOT)
<b>Cass Freight Index</b>	The February shipments index <b>increased 8.3%</b> from the previous month to 1.055 and <b>decreased 2.6%</b> year-over-year. The February expenditures index <b>increased 6.3%</b> for the month to 2.31, and <b>decreased 5.1%</b> year-over-year. (Source: Cass Information Systems   Cassinfo.com) <i>(Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)</i>
<b>Import Volumes</b>	In January, the U.S. <b>imported \$180.6 billion</b> of cargo, <b>decreasing 1.6%</b> from December 2015 and the <b>lowest level since February 2011</b> . (Source: US Census)
<b>Export Volumes</b>	In January, the U.S. <b>exported \$116.9 billion</b> of cargo, <b>decreasing 3.3%</b> from December 2015 and the <b>lowest level since November 2010</b> . (Source: US Census)
<b>Import &amp; Export Price Index</b>	U.S. import prices <b>decreased 0.3%</b> in February, and have not recorded a monthly advance since June 2015. U.S. export prices <b>decreased 0.4%</b> in February, and have not recorded a monthly advance since the index rose 0.5% in May 2015. (Source: Bureau of Labor Statistics)
<b>E-Commerce</b>	E-Commerce revenue was up 9% in January compared to January 2015. Mobile shopping (phones and tablets) accounted for 31% of online shopping, up from 26% in January 2015. (Source: Custora E-Commerce Pulse)
<b>Multimodal News Clips:</b>	<ul style="list-style-type: none"> <li>U.S. light vehicle sales were a seasonally adjusted and annualized <b>17.4 million in February 2016, down 0.57%</b> from January. (Source: AAR)</li> <li>Last-mile delivery network Connect India became a UPS Authorized Shipping Outlet through a new agreement. The service links UPS's global network with Connect India's last-mile capabilities. Connect India users in more than 50 cities, 650 district towns, and 8,000 small towns across India can book international shipments through Connect India Centers, which make use of UPS's global shipping services. (Source: Inbound Logistics)</li> </ul>

## RAIL:

<b>U.S. Freight Rail Traffic</b>	Originations of carloads in February 2016 totaled 979,042, a <b>decrease of 10.1%</b> from February 2015. <b>This is the 13<sup>th</sup> straight year-over-year monthly decline</b> . Weekly average total carloads in February 2016 were 244,761, <b>the third lowest weekly average for any month since January 1988</b> . (Source: AAR.org) <i>(Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)</i>
<b>U.S. Intermodal Rail Traffic</b>	Intermodal rail traffic totaled 1,049,126 units in February, <b>12.9% higher</b> , year-over-year. This was the <b>biggest year-over-year monthly percentage gain in five years</b> . (Source: AAR.org) <i>(Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)</i>
<b>Railroad Fuel Price Index</b>	The index of average railroad fuel prices in January was 214.2, <b>down 13.9%</b> from the previous month and <b>35.5% lower</b> year-over-year. (Source: AAR.org) <i>(Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)</i>
<b>Class 1 Railroad Employment</b>	Railroad employment in January <b>decreased 2.6% from the previous month</b> , to 156,602 employees total, the ninth straight month-to-month decline, and the <b>biggest month-to-month decline</b> since January 2001. (Source: U.S. STB)
<b>Short Line Rail Traffic</b>	In February 2016, short line railroad shipments across North America <b>rose 3.7%</b> compared to the same month last year. A sampling of about 431 small railroads in the U.S. and Canada <b>loaded 527,744 railcars</b> and intermodal units during the month of February. (Source: RailConnect Index   GE Transportation)
<b>Railroad News Clips:</b>	<ul style="list-style-type: none"> <li>OmniTRAX, Inc., one of the largest privately held transportation services companies in North America, and the Effingham County Industrial Development Authority are developing a 2,700-acre tract near Rincon, Georgia. The Savannah Gateway Industrial Hub, located 12 miles from the Port of Savannah and served by CSX and NS railroads, is expected to attract manufacturers, processors, distributors, and others. (Source: Railway Age)</li> </ul>

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## TRUCKING:

Trucking Volume	The ATA's seasonally adjusted For-Hire Truck Tonnage index <b>decreased 1.4% to 132.8</b> in January. The index <b>remained unchanged</b> from January 2015. (Source: American Trucking Association   Trucking.org)
Truckload Freight	The spot market for truckload freight in February <b>decreased 2.4%</b> compared to the previous month, and was <b>29% lower</b> year-over-year. Truck capacity <b>increased 12%</b> for the month, and <b>increased 18%</b> year-over-year. (Source: DAT Trendlines   www.dat.com)
Diesel Prices	U.S. average diesel prices rose to <b>\$2.02 per gallon</b> last week. The U.S. average diesel price was <b>\$0.92 lower</b> than the same week last year. The average price of diesel in the lower Atlantic states was <b>\$1.97 per gallon</b> . (Source: U.S. DOE) <i>(Reflects the costs and profits of the entire production and distribution chain.)</i>
Trucking Employment	The trucking industry workforce <b>decreased by 600 employees to 1,465,700 employees total</b> in February. The trucking workforce <b>increased 0.97%</b> over the previous year. (Source: U.S. Bureau of Labor Statistics)
Trucking Earnings and Hours	The average earnings of truck transportation employees were \$22.83/hour in January, <b>up 0.75%</b> from the previous month. The average weekly hours totaled 41.1 in January, <b>down 2.3%</b> from the previous month. (Source: U.S. Bureau of Labor Statistics)
Truck Orders	Preliminary data for heavy-duty Class 8 trucks net orders in North America decreased to <b>17,650 units</b> in February 2016. February orders were <b>2% lower</b> than the previous month and <b>43% lower</b> than a year ago. Total orders over the last 12 months have been 254,000, close to the FTR 2016 build forecast. (Source: FTR Associates   ftrassociates.com)
NAFTA Trade	Surface transport-related trade between the U.S. and its NAFTA partners, Canada and Mexico totaled \$86.7 billion in December 2015, <b>decreasing 9.5%</b> year-over-year. Large decreases in the value of commodities moved by pipeline and vessel in December were due to the reduced unit price of crude oil. (Source: US DOT)
Trucking News Clips:	<ul style="list-style-type: none"> <li>The U.S. Department of Transportation has taken the first step to address obstructive sleep apnea (OSA) in truck drivers. An Advance Notice of Proposed Rulemaking (ANPRM) will be published that calls for public input during the next 90 days on the impacts of screening, evaluating, and treating commercial drivers and rail workers for OSA. The National Transportation Safety Board has recommended that DOT take action to address OSA screening and treatment for transportation workers, placing "require medical fitness for duty" on its Most Wanted List of transportation safety improvements for 2016. (Source: Fleet Owner)</li> <li>The U.S. DOT will hold two public hearings to get input on "how to best integrate the safe operation of automated vehicles." The feedback from these meetings will help the National Highway Transportation Safety Administration provide manufacturers with the rules of the road for how we expect automated vehicles to operate safely. (Source: Inbound Logistics)</li> </ul>

## AIR FREIGHT:

Air Cargo Traffic	Global air freight traffic in January <b>increased 2.7%</b> from one year ago, the <b>fastest pace seen since April last year</b> . (Source: IATA.org) <i>(Global air freight covers international and domestic scheduled air traffic.)</i>
Atlanta Air Cargo Traffic	In January, Hartsfield-Jackson Atlanta International Airport transported <b>49,799 metric tons</b> of cargo, a <b>10.7% decrease</b> from the previous month and a <b>3.99% increase</b> year-over-year. (Source: HJIA)
Air Freight Price Index	The latest Drewry East-West Airfreight Price Index <b>decreased 8.1% to 83.0 in January</b> . <b>This is the lowest point since the index was first launched in May 2012</b> . (Source: Drewry) <i>(The Drewry East-West Air Freight Price Index is based on the average of rates (\$US per kg) for air freight services on 21 major East-West routes.)</i>
Jet Fuel Prices	As of March 4, 2016, the global average jet fuel price was \$45.2 per barrel; <b>up 5.0%</b> from the previous month, and <b>40.0% lower</b> year-over-year. (Source: IATA.org, platts.com) <i>(The weekly index and price data shows the global average price paid at the refinery for aviation jet fuel)</i>
Air Freight News Clips:	<ul style="list-style-type: none"> <li>Worldwide sales of semiconductors reached \$26.9 billion during January, a <b>decrease of 2.7%</b> from the previous month and a <b>5.8% decrease</b> from January 2015. (Source: Semiconductor Industry Association)</li> </ul>

## OCEAN FREIGHT:

### Import Volumes

In January, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.5 million TEUs, a **4.4% increase** from the previous month and a **21.4% increase** from the same month last year. (Source: NRF/Hackett Associates)

### Shanghai Containerized Freight Index

The March 4<sup>th</sup> SCFI comprehensive reading was **\$433.46 per FEU**; **down 23.5%** from last month. The spot rate for shipments to the U.S. East Coast was **\$1,804 per FEU**, **down 22.9%** from the previous month. (Source: Shanghai Shipping Exchange | [www1.chineseshipping.com.cn/en](http://www1.chineseshipping.com.cn/en))  
(The Shanghai Containerized Freight Index is a weekly reported average export spot rate from Shanghai for 15 different trade lanes.)

### Ocean Bulk Freight Rates

The Baltic Dry Index **rose 4.7%** in February, ending at 329. The BDI has **decreased 32.0%** year-to-date. (Source: [www.bloomberg.com/quote/BDIY:IND](http://www.bloomberg.com/quote/BDIY:IND))  
(The Baltic Dry Index is an index that tracks and averages worldwide international shipping prices of various dry bulk cargoes.)

### TSA Bunker Surcharges

Between January 1 and March 31 2016, the bunker fuel surcharge will total **\$276 per FEU** for shipments to the West coast ocean ports and **\$525 per FEU** for shipments to the East coast and Gulf ports. (Source: Transpacific Stabilization Agreement) (The Transpacific Stabilization Agreement is a research and discussion forum of major ocean container shipping lines that carry cargo from Asia to ports in the U.S.)

### Port of Savannah

The Port of Savannah moved 307,036 TEUs in February 2016, an **8.1% increase** compared to February 2015 and a **7.6% increase** from the previous month. It was the **seventh highest monthly performance** ever recorded. (Source: GPA)

### Port of Brunswick

International Auto Processing, Inc is the 2015 winner of the International Trade Award Category of the Governor's International Awards. In February, IAP handled its 5 millionth vehicle at the Port of Brunswick. (Source: GPA)

### Ocean Freight Business News:

- The Trade Facilitation and Trade Enforcement Act of 2015, also known as the Customs reauthorization bill, went into effect March 10. The legislation streamlines Customs and Border Protection procedures, reduces certain cross-border shipping costs and strengthens trade enforcement of intellectual property rights, antidumping and countervailing duty violations. (Source: American Shipper)

## WAREHOUSING & DISTRIBUTION:

### Industrial Vacancy

U.S. industrial vacancy declined to 6.5% in Q4, compared to 6.7% in Q3 and 7.2% year-over-year. This is the lowest level since Q4-2000, during the tech-bubble era. (Source: NGKF)

### Warehouse Rent Rates

In Q4 2015, warehouse and distribution rental rates in the U.S ended at \$5.68/SF triple net, up 0.9% from the prior quarter and up 4.5% for the year. This represents the eighth quarter in the past nine in which rents increased at a pace of 4-5% year-over-year, a rate of increase that is solid but not in "spike" territory. (Source: NGKF)

### Industrial Absorption

Net absorption in the US during Q4 2015 totaled 55.9 million square feet, a **31% increase** from the previous quarter, and the **fourth time in the past five quarters that absorption has exceeded 50.0 million square feet**. (Source: NGKF) (Absorption is the net change in occupied space between two points in time. Positive absorption means that previously unoccupied space is being occupied.)

### Warehouse Employment

The warehousing industry workforce **increased by 2,400 employees** to 843,100 employees total in February. The warehouse workforce **increased 0.28%** from the previous month and **increased 6.42%** year-over-year. (Source: U.S. Bureau of Labor Statistics)

### Warehouse Earnings and Hours

The average earnings of warehousing & storage employees were \$18.69/hour in January, **up 1.41%** from the previous month. The average weekly hours totaled 41.5 in January, **down 4.1%** from the previous month. (Source: U.S. Bureau of Labor Statistics)

### Purchasing Managers Index

The National PMI **increased to 49.5%** in February 2016, an **increase of 1.3%** over the previous month. New orders **remained unchanged at 51.5%**. Production **increased 2.6%** to 52.8%. (Source: Institute for Supply Management)  
(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)

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<b>Purchasing Managers Index in Georgia</b>	Georgia's PMI <b>increased 9.6 points</b> to 61.6 in February. This may be a one month anomaly due to seasonal and other factors. New orders in Georgia <b>increased 16.4 points</b> to 68.4 and production <b>increased 26.3 points</b> to 76.3. Georgia's PMI is now <b>12.1 points above</b> the national PMI. (Source: Kennesaw State University) <i>(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)</i>
<b>W&amp;D Business News:</b>	<ul style="list-style-type: none"> <li>• Textron Specialized Vehicles, Inc will open a new manufacturing facility in Augusta to supplement its existing headquarters and industrial operations. The expansion will create up to 400 new jobs and represents a capital investment of more than \$40 million in the local community. The new facility will be located less than one mile from the company's existing operations on a 238-acre site. (Source:Georgia.org)</li> <li>• HD Supply Holdings, Inc., one of the largest industrial distributors in North America, will create 500 new jobs and invest more than \$100 million in Cobb County throughout the next 5 years. (Source: Georgia.org)</li> </ul>

## U.S. MARKET:

<b>Gross Domestic Product</b>	The U.S. GDP <b>increased 1.0%</b> in the fourth quarter of 2015 according to the second estimate released by the Bureau of Economic Analysis in late February. (Source: US BEA)
<b>U.S. Trade Deficit</b>	The U.S. trade deficit <b>increased 2.23%</b> in January to \$45.7 billion. Exports <b>decreased 2.1%</b> to \$176.5 billion and imports <b>decreased 1.2%</b> to \$222.1 billion. (Source: US DOC & Census Bureau)
<b>Consumer Confidence</b>	The Consumer Confidence Index <b>decreased to 92.2</b> in February 2016, <b>down 6.0%</b> from January. (Source: The Conference Board) <i>(The consumer confidence index is based on a monthly survey of 5,000 U.S. household. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer.)</i>
<b>Unemployment Rate</b>	The unemployment rate in America <b>remained at 4.9%</b> in February 2016, <b>the lowest level since February 2008</b> . A preliminary 242,000 net new jobs were created in February 2016, up 40.6% from January. (Source: US DOL)
<b>Workforce Participation Rate</b>	The workforce participation rate <b>increased 0.31% to 62.9</b> in February. (Source: U.S. Bureau of Labor Statistics) <i>(The Workforce Participation Rate measures the share of Americans at least 16 years old who are either employed or actively looking for work)</i>
<b>Leading Economic Index</b>	The Leading Economic Index for the U.S. <b>decreased 0.2%</b> in January to 123.2 (2004=100). The slight decrease was driven primarily by large declines in stock prices. (Source: Conference Board) <i>(The LEI is a composite of 10 economic indicators that together create an analytic system designed to signal peaks and troughs in the business cycle. The LEI reveals patterns in economic data in a clearer and more convincing manner than any individual component alone.)</i>
<b>Retail Sales</b>	Retail and food service sales <b>decreased</b> in February to \$447.3 billion, <b>down 0.1%</b> from the previous month, and <b>up 3.1%</b> above February 2015. Non-store retailer sales were <b>up 5.9%</b> from last year. (Source: US Census)
<b>Manufacturing &amp; Trade Sales</b>	Total combined sales and manufacturing shipments totaled nearly <b>\$1.296 trillion</b> in January 2016, <b>down 0.4% from December and down 1.1% from January</b> of the previous year. (Source: US Census)
<b>Manufacturing &amp; Trade Inventory</b>	Total value of inventory on hand is estimated at <b>\$1.812 trillion</b> in January, <b>up 0.1% from December and up 1.8% from January of the previous year</b> . (Source: US Census)
<b>Housing Starts</b>	In January, housing starts <b>decreased 3.8%</b> from the previous month to an annual rate of 1,099,000 units, the second lowest level in eight months. Starts for single-family homes were an annualized 731,000 in January. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was <b>106.0 in January, down 2.5% from the previous month</b> . (Source: U.S. DOC)
<b>Consumer &amp; Producer Price Index</b>	The consumer price index for all urban consumers <b>fell 0.2%</b> in February on a seasonally adjusted basis from the previous month. Over the last 12 months, the all items index <b>increased 1.0% before seasonal adjustment</b> . The producer price index for final demand <b>decreased 0.2%</b> in February from the previous month. Prices for final demand goods <b>increased 0.1%</b> from the previous month. (Source: US Bureau of Labor Statistics)

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